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ED/EC M-241

June 7, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m., Tuesday, June 4, 1957
Room 1213 Malatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Anderson
Mr. Johnson
Mr. Wight
Mr. Shaw
Mr. Kramer, Executive Secretary
Mrs. Lese, Committee Secretary

CIA

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Commerce

Mr. Hockersmith
Mr. Tollin
Mr. George

Defense

Mr. Martino
Colonel Green

ICA

Mr. Slaght

State

Mr. Wright
Mr. Knoll
Mr. Sanderhoff
Mr. Mark

Treasury

Mr. Pollak

Agenda:

- Note a: Congressional Hearings.
Note b: Letter from Senator McClellan on Paris Negotiations.
1. Report of Team on CHINCOM Meeting.
 2. Discussion of Future Activities.

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SECRET

-2-

Note a: Congressional Hearings

The Chairman noted that Mr. Saccio, representing Mr. Hollister, will appear today before the Senate Foreign Affairs Committee in connection with a presentation on the Mutual Security Act Administrative expenses and Control Act expenses. [Subsequently determined that major topics discussed by Mr. Hollister; only prepared statements on Administrative and Control Act expenses (and other matters) left with the Committee.]

Note b: Letter from Senator McClellan on Paris Negotiations

The Chairman stated that Mr. Hollister received a letter from Senator McClellan dated May 28 wherein the Senator made reference to negotiations then under way in Paris and indicated that he felt it was important that Congress be kept informed on the current status of that situation. The Chairman noted that the draft reply from Mr. Hollister (sent June 5) indicated that negotiations have been in progress, that the Senator had received a briefing prior to their start, that the negotiations were not yet complete and no evaluation had yet been made of the UK decision, that State was planning further discussions on the matter with Congressional leaders, and, finally, that the Department of State would be notified of the Senator's interest in the matter. (The text of the letter from Senator McClellan to Mr. Hollister and Mr. Hollister's reply will be circulated as EDAC D-67/48.)

1. Report of Team on CHINCOM Meeting

Decision

Mr. George, Commerce, and Mr. Knoll, State, will prepare a draft letter commending Mr. William Cargo, USRO/ST, for submission by the Executive Committee to the EDAC Chairman.

Discussion

The Chairman, on behalf of the Executive Committee, commended the members of the team who went to Paris to assist the USDEL for the excellence of their services and for the clear and concise reports which they transmitted to Washington. He stated that the written reports submitted by the team would constitute the record of this meeting. He then asked the team members to make any additional comments on their trip to Paris and the proceedings there as would be of interest to the Committee.

Mr. George briefly outlined the course of events to the Committee. He concluded his remarks with the request that the Executive Committee send a letter of commendation, to be included in the personnel file of Mr. William Cargo, USDEL, for the outstanding job he had done under circumstances which were more trying and difficult than had ever been faced before in the CG structure. It was Mr. George's belief that to a large extent any prestige lost in CHINCOM by the U. S. in the past year a half had been recovered because of the ability, sincerity, and discreetness of Mr. Cargo in presenting the U. S. position and his effective use of restraint in his dealings with the other Dels, both formally and informally.

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SECRET

-3-

Colonel Green and Mr. Knoll supported Mr. George's comments and concurred in the desirability of a letter for Mr. Cargo. Colonel Green pointed out that at the opening of the meeting the U. S. was supported only by the Turks, and the subsequent shift of several of the countries in favor of our position was due largely to the efforts of Mr. Cargo in presenting the U. S. position. Mr. Knoll added that many of the delegates had commented not only on Mr. Cargo's performance at these sessions but his handling, in prior sessions, of complex exception cases.

Mr. George said he would particularly like to mention the fact that the prompt and complete replies from Washington in response to requests for guidance from the team during the Paris meetings tended to ease their very difficult job.

The Chairman stated that the Chairman of EDAC, with that Committee's support, is prepared to endorse a letter commending Mr. Cargo.

2. Discussion of Future Activities

Decision

The Executive Committee will review at the earliest possible time the current economic defense policy with the intent of making recommendations to EDAC on changes which appear warranted by the current situation. A meeting will be called as soon as the members are prepared to meet after receiving the anticipated summary report on the Paris situation. It was the Chairman's hope that the meeting would be held not later than Thursday, June 6.

The draft message of guidance for the USDEL was cleared after certain substantive changes were made. (Ref. TOPOL 2395, June 6.)

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Discussion

The Chairman noted that para. 21 of NSC 5704/1 states that the U. S. will "Seek to maintain effective multilateral controls on trade with Communist China.....". (Underscoring added.) He asked if there was agreement among the EDAC agencies here represented whether the U. S. Government has pursued para. 21 to this end. It was the consensus of the Committee that this had been done and that we will now have to reexamine our policy, and that the reexamination should not be confined to para. 21 alone. The Chairman then asked if the members would be prepared to proceed on an ad hoc basis to handle necessary issues where unanimous agreement could be reached pending new policy approval by the NSC. The Commerce member stated that Commerce was not prepared to accept this proposal since it was their position that an extensive revision of NSC 5704/1 would have to be approved before any new U. S. position can be determined. The Chairman asked if the Committee was prepared to move at once, as the drafting group of EDAC, to review any paragraph of NSC 5704/1 recommended for consideration by any of the interested agencies.

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SECRET

-4-

The State member distributed for the Committee's comments and/or approval a draft message in reply to a request from the USDEL for guidance in responding to queries of other governments regarding the U. S. position as a result of the UK decision on China trade controls. The draft was considered, certain deletions and changes were made, and approval was given for its transmittal. (Ref. TOPOL 2395, June 6.)

The State member asked for concurrence on his proposed message to Bonn with regard to the German suggestion to introduce a proposal in CHINCOM that no increase of List II quotas be made and shipments of List II items to Communist China take place under present Soviet bloc List II quotas.

The message was approved in substance by the Executive Committee. (Ref. DEPTTEL 3464, June 6, to Bonn.)

Distribution:

ED List Parts I & II

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